

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
Louisiana Tech University
University of Louisiana System
State of Louisiana
Ruston, Louisiana

February 12, 2003



Financial and Compliance Audit Division

LEGISLATIVE AUDIT ADVISORY COUNCIL

MEMBERS

Senator J. "Tom" Schedler, Chairman
Representative Edwin R. Murray, Vice Chairman

Senator Robert J. Barham
Senator Lynn B. Dean
Senator Jon D. Johnson
Senator Willie L. Mount
Representative Rick Farrar
Representative Victor T. Stelly
Representative T. Taylor Townsend
Representative Warren J. Triche, Jr.

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

Albert J. Robinson, Jr., CPA

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Twenty-nine copies of this public document were produced at an approximate cost of \$58.00. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.la.state.la.us.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

**ATHLETIC DEPARTMENT
LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Ruston, Louisiana**

Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 2002

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

February 12, 2003

**ATHLETIC DEPARTMENT
LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 2002

CONTENTS

	Statement	Page No.
Independent Auditor's Report on Applying Agreed-Upon Procedures		2
Financial Statement - Statement of Revenues and Expenditures (Unaudited)	A	7



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

January 30, 2003

Independent Auditor's Report on
Applying Agreed-Upon Procedures

DR. DANIEL D. RENEAU, PRESIDENT
LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Ruston, Louisiana

We have audited the basic financial statements of the University of Louisiana System, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 19, 2002. Louisiana Tech University is a part of the University of Louisiana System. As requested by the university, we have also performed the procedures, as enumerated below, which were agreed to by management of the university. These procedures were applied to the accounting records and internal controls of the Louisiana Tech University Athletic Department and to the related outside organizations created for or in behalf of the university's intercollegiate athletic programs for the year ended June 30, 2002, solely to assist the university in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of management of Louisiana Tech University. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

STATEMENT OF REVENUES AND EXPENDITURES

1. We obtained written representation from management as to the fair presentation of the Statement of Revenues and Expenditures of the intercollegiate athletic programs for the year ended June 30, 2002, as shown on Statement A. We also verified the mathematical accuracy of the amounts on the statement and agreed the amounts to the university's general ledger.

We found no exceptions as a result of these procedures.

2. We compared the Statements of Revenues and Expenditures of the intercollegiate athletic programs for June 30, 2002, and June 30, 2001, to identify variances of 5% or greater between individual revenue and expenditure accounts.

LEGISLATIVE AUDITOR

**DR. DANIEL D. RENEAU, PRESIDENT
LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Auditor's Report, June 30, 2002

As a result of our procedure, we identified variances of 5% or greater in the following revenue and expenditure accounts, for which the university provided satisfactory responses:

Revenues

State General Fund
Ticket sales
Foundation, private gifts
Corporate sponsorships
Programs sales
Conference distribution

Expenditures

Salaries
Related benefits
Travel
Operating services
Supplies
Administrative charge
Professional services
Scholarships

3. We compared the budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 2002, to identify any variances of 5% or greater in individual revenue and expenditure accounts.

As a result of our procedure, we identified variances of 5% or greater in the following expenditure accounts, for which the university provided a satisfactory response:

Expenditures

Operating services
Professional services
Guarantees

4. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constituted more than 10% of the total contributions.

No individual contributions were received by the athletic department that exceeded 10% of total contributions.

**INTERNAL CONTROL - POLICIES AND PROCEDURES
RELATING TO INTERCOLLEGIATE ATHLETICS -
AGREED-UPON PROCEDURES**

5. We made inquiries of management and obtained the university's organization chart, employee job descriptions, and written athletic department policies and procedures to identify aspects of internal control unique to the university's

LEGISLATIVE AUDITOR

**DR. DANIEL D. RENEAU, PRESIDENT
LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Auditor's Report, June 30, 2002

intercollegiate athletic department and to detect deficiencies in the components of those controls.

We detected no deficiencies in the components of the internal controls unique to the university's intercollegiate athletic department.

6. We performed tests of controls unique to the university's intercollegiate athletic department to determine adherence to established policies and procedures related to revenues and expenditures:

- a. We randomly selected one cash receipt batch sheets of ticket sales and followed these transactions through the university's cash control system.

We found no exceptions as a result of this procedure.

- b. We selected a sample of 11 disbursement transactions and followed them through the university's accounting system. In addition, we performed analytical review procedures relating to athletic salaries.

We found no exceptions as a result of these procedures.

- c. We conducted inquiries and observations of the athletic department personnel to determine their compliance with policies and procedures relating to the control and safeguarding of unsold tickets.

We found no exceptions as a result of this procedure.

- d. We compared the amount of state General Fund appropriation transferred to the Auxiliary Fund (Athletics) to determine compliance with the amount allowed by the Board of Regents.

We found no exceptions as a result of this procedure.

7. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletic programs.

No reports were issued by the internal auditor relating to the intercollegiate athletic programs.

8. We obtained the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's intercollegiate athletic program to identify deficiencies in the design of those procedures.

LEGISLATIVE AUDITOR

**DR. DANIEL D. RENEAU, PRESIDENT
LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Auditor's Report, June 30, 2002

We found no deficiencies in the design of the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's intercollegiate athletic program.

EXPENDITURES OF OUTSIDE ORGANIZATIONS MADE FOR OR IN BEHALF OF THE LOUISIANA TECH UNIVERSITY INTERCOLLEGIATE ATHLETIC PROGRAM

9. We obtained written representation from management of the university that the listing of booster groups given to us from the university are the only outside organizations created for or in behalf of the athletic department.

The only booster group created for or in behalf of the athletic department is the Louisiana Tech University Foundation, Inc.

10. We obtained the Statement of Cash Receipts and Disbursements from representatives of the Louisiana Tech University Foundation, Inc., and agreed the statement to the organization's accounting records.

We found no exception as a result of this comparison.

11. We compared the cash disbursements made by outside organizations for or in behalf of the athletic department to the revenue reported to the university with the revenues reported on the university's Statement of Revenues and Expenditures (Statement A) and no reconciling items were identified.

We found no exceptions as a result of this comparison.

12. We compared the direct and in-kind payments from the Louisiana Tech University Foundation, Inc., to the university with the revenues reported on the university's Statement of Revenues and Expenditures (Statement A).

We found no exceptions as a result of this comparison.

13. We obtained the independent auditor's report for the Louisiana Tech University Foundation, Inc., and Louisiana Tech Alumni Association, Inc., to identify any reportable conditions relating to their internal control and make inquiries of management to document any corrective action taken in response to the reportable conditions.

The financial statements of the Louisiana Tech University Foundation, Inc., and the Louisiana Tech Alumni Association, Inc., were audited by an independent certified public accounting firm for the year ended June 30, 2002. The audit

LEGISLATIVE AUDITOR

**DR. DANIEL D. RENEAU, PRESIDENT
LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Auditor's Report, June 30, 2002

reports are dated October 4, 2002, and November 5, 2002, respectively, and included no reportable conditions relating to the outside organization's internal control.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the Statement of Revenues and Expenditures of the intercollegiate athletic programs. Accordingly, we do not express such an opinion. Also, we express no opinion on Louisiana Tech University's internal control over financial reporting or any part thereof. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Louisiana Tech University and is not intended to be, and should not be, used by anyone other than management of the university. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large, stylized initial "G".

Grover C. Austin, CPA
First Assistant Legislative Auditor

CAC:WJR:AJR:dl

[LTUNCAA02]

UNAUDITED

Statement A

ATHLETIC DEPARTMENT
LOUISIANA TECH UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA

Statement of Revenues and Expenditures
For the Year Ended June 30, 2002

REVENUES

State General Fund	\$2,370,026
Tickets sales	886,620
Guarantees	1,232,150
Foundations, private gifts	241,209
Corporate sponsorships	290,013
Program sales	32,377
Concessions	34,952
In-kind contributions	1,167,248
Conference distribution	760,942
Vending	163,657
College work study	3,976
Other	259,193
Total revenues	<u>7,442,363</u>

EXPENDITURES

Personal services:	
Salaries	2,230,971
Related benefits	474,256
Travel	1,345,802
Operating services	1,208,290
Supplies	490,296
Administrative charge	127,982
Fund raisers	85,262
Professional services	184,697
Other charges:	
Guarantees	23,300
Scholarships	1,353,356
Equipment	4,480
Total expenditures	<u>7,528,692</u>

**EXCESS (Deficiency) OF REVENUES
OVER EXPENDITURES**

(\$86,329)